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MARCH 5, 1957

# THE JERUSALEM POST

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## MARGINAL COLUMN

By LIA BERN-DOB

WHO shot Dr. Kastner?

**WHO preaches assassination?** Let it be altogether forgotten that we still have the scattered remnants of an underground movement. Under an obstructive foreign government, terrorism flourished in this country. This frustration was genuine: Jews could not make their own decisions and carry them out. In 1946 most of the supporters of the IZL terrorists saw their opportunity, and turned themselves into a legend occasionally violent political party.

**LATELY** the underground has been quiet. It is never homogeneous. The people who place anti-Russian pamphlets in crates of oranges on their way to Russia — futile, but harmful to the one who placed a bomb by the Soviet Embassy. The bomb under a Czech envoy's car was not placed there by the assassins of Bernadotte.

**THERE** are circles, again, who preach that the men on top are stupid, cowardly, wicked, corrupt, defeatists. Destroy their rule, and — it goes without saying, would have been selected for the President. The first is expected to be delivered this week.

The economic integration of Europe, he went on, would increase in greater trade with North America and guarantee the Middle Atlantic balance.

**M.** Mollet said the presence of the U.N. Emergency Force in the Middle East made it possible to avoid a return to the situation existing before the Israel action last autumn and that the force must be used to conclude a general peace settlement.

At a press conference, the French premier said that so far as he understood Israel's position on withdrawal from Egyptian territory, he supported it. "They are just opposed to the idea of a return to the status quo ante. If that is so I approve."

**Cannan Understands** He added, "I have never understood from President Eisenhower, either in statements he has made or in our talks, that Israel must withdraw from Egypt without guarantees."

He said he did not consider the United Nations, as now constituted, to be a fit organization to enforce world peace, but it was useful for a forum for discussions.

Speaking on a television programme in Quebec last night, M. Mollet declared that his recent talks with President Eisenhower had left him "optimistic — but not with an exaggerated optimism" — that a solution to the Middle East crisis was possible.

He said that he was against the idea of a high-level Soviet-U.S. conference to resolve Middle East problems, although the question did not come up during the talks in Washington. "If it had been raised, I would have voiced my objection," he declared.

## 4 Britons Committed To Face Spy Trial

**Cairo,** Monday (Reuters). — The four Britons accused of spying against Egypt were committed for trial today. Eleven Egyptians and a Tunisian were also charged with the Britons were also committed for trial.

The date of the trial was not fixed, and the court decided that pending trial all accused would remain under detention except for one Egyptian who was granted bail of £100.

The Britons, under arrest for more than five months, have had anything direct or tangible to do with the attempt to kill Dr. Kastner. Far from it. But they have helped to create the atmosphere in which young men can be recruited for such crimes. Mr. Tamir, the lawyer who defended Maelkai Greenwald against Kastner, who likes to run on both sides of the convention in court, is not impressed with the questions, but has all the answers ready too. If the answers given are not those he planned, he can get very impatient with the witness. The upshot invariably is that his opponent is a pretty despicable creature, but has the favour of the powers that be, and therefore is not broader than the evidence that he is. The conclusion for the common man is obvious, except that the common man has tired of this routine.

**A** LL that is not by any means to say that any of these groups or individuals have had anything direct or tangible to do with the attempt to kill Dr. Kastner. Far from it. But they have helped to create the atmosphere in which young men can be recruited for such crimes. Mr. Tamir, the lawyer who defended Maelkai Greenwald against Kastner, who likes to run on both sides of the convention in court, is not impressed with the questions, but has all the answers ready too. If the answers given are not those he planned, he can get very impatient with the witness. The upshot invariably is that his opponent is a pretty despicable creature, but has the favour of the powers that be, and therefore is not broader than the evidence that he is. The conclusion for the common man is obvious, except that the common man has tired of this routine.

**The Britons** are being tried in absentia.

When the court's decision was read out one of the Egyptian accused, Ahmed Lutfi, said, "The press must demand that our trial should be open and not secret."

## U Nu: Peace With China Essential

**Rangoon,** Monday (Reuters). — The Burmese Prime Minister, U Nu, told the Chamber of Deputies that the frontier demarcation problem with China was a "matter of life and death" for our (Burmese) union."

Under tentative plans being worked out in the Chamber, Burns would cede three frontier villages in the north in exchange for Peiping's recognition of the traditional border between the two countries.

Speaking of the country's nine-year-old insurrection, he said as soon as surrendered insurgents had abandoned the "rule of the gun," their political organizations would be legalized.

## U.S. Hiding Behind UN-Truman

**OMAHA,** Monday (Reuters). — Mr. Harry Truman, former Democratic President, declared last night that "drift and procrastination" had led to both the Middle East and Europe being threatened.

Mr. Truman said, "Unless the U.S. can prevent Israel from drifting, it is not necessary to give up the names of protecting itself from them."

"The present situation is dark and full of peril," he warned. "Although the Eisenhower Middle East plan at long last is a beginning, by itself its chances of solving the problems are very limited." Mr. Truman continued.

"The present strategy of the Administration seems to be to leave all these matters to the U.N. and out of its hands. The U.N. is only as strong as its members, and only as wise as the policies which its members urge it to adopt."

"We are one of its members, and should be the leader of the free world. We cannot let behind the skirts of the U.N. or duck the responsibility of having some policy of our own for the settlement of the conflicts in the Middle East."

**CLASH TO EUROPE FOR MEDICAL TREATMENT**

**LONDON,** Monday (INA). — The Israeli Ambassador, Mr. Eliash Barak, left today for the continent. During his three weeks' absence he will undergo medical treatment.

## Four Suspects Detained In Kastner Attack

Jerusalem Post Reporter

**TEL AVIV,** Monday (Reuters). — The French Prime Minister, M. Guy Mollet, told a joint meeting of the Canadian Senate and Commons today that it was the duty of all free nations to oppose the subversive actions of "pan-Arabism," which were a threat to Communism infiltration in the Middle East.

M. Mollet, who is visiting Canada after talks with President Eisenhower, said that "Cairo and Damascus, the sources of pan-Arabism," had become the strongest bridgehead of the Soviet Union in the Middle East.

The economic integration of Europe, he went on, would increase in greater trade with North America and guarantee the Middle Atlantic balance.

Informed sources said that two small helicopters, each seating four people, had been selected for the President. The first is expected to be delivered this week.

The helicopters will carry Mr. Eisenhower nearly 10 miles from the White House to the Burning Tree Golf Club, where they will be able to land on a fairway or some other open space.

A White House announcement said that word was received that plane was en route for the President to use a helicopter to avoid the traffic congestion in Washington, but it did not mention trip to the golf course.

**French Kill 267 Algerian Rebels**

**ALGERIA,** Monday (Reuters). — Security forces killed 267 insurgents and captured 478 in Algeria during the weekend, according to press reports received in Algiers to day.

Sixty-five were killed in a battle near Gueutis in the wild Nememtha mountains of south-eastern Algeria, near the Tunisian border. Another 21 died, according to first reports, in operations following an ambush near Aures, 90 km. from the port of Algiers, in which 13 soldiers were killed.

Twenty more insurgents were killed in fighting at Dujipet, on the coast between Chercell and Temes in Western Algeria, where 26 soldiers were killed in an ambush three days ago.

A grenade injured eight people in a cinema yesterday afternoon.

An order calling up civilians for local anti-territorial defense in towns was signed yesterday by M. Barat, Prefect of the Algiers region.

Armed "wardens" in every block of buildings would be ready to defend neighbours and help police, and security forces, according to the scheme.

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**Communist Danger Unabated—SEATO**

**WELLINGTON,** New Zealand, Monday (Reuters). — The South-East Asian Treaty Organization (SEATO) declared today that an "all-out campaign of Communist subversion was being waged in the area covered by the eight-nation alliance."

But in its second-annual report SEATO said that Communism had "made no substantial progress in member countries during the year under review, though the situation in the areas covered by the treaty is less satisfactory."

The report will be before the second Ministerial Council of SEATO — comprising the U.S., Britain, France, Australia, New Zealand, Thailand, the Philippines and Pakistan — which opens in Canberra on March 11.

The report warned that "every device" was being used to weaken the free nations in the SEATO area "so that the eventual Communist domination of South and South-East Asia may be avoided."

Strapped to the dead camel were seven rifles of English manufacture, seven Belgian semi-automatic rifles, two Czech rifles and a magazine of 7.22 mm. ammunition.

A search of the body of the dead Arab produced an Egyptian identity card issued in Rafah.

In Amman today, the Jordanian army claimed that an Israeli raid of 1,000 men crossed into Jordan last night in the Jenin area and that fire was exchanged. No casualties were reported on the Jordanian side.

**Segregationist Leader Attacks U.S. Jews**

**CHIEFLAND, Florida,** Monday (TNA). — John Kasper, anti-desegregation disciple of poet Ezra Pound, opened his Florida speaking tour on Saturday night with a bitter attack.

As a result, the danger of cross-race marriage appears to be greater than ever. "As we cannot assume that the Communists would finally renounce force," he said.

He went on to attack the "radical-minded Jewish and Communist controlled Supreme Court" for its desegregation rulings and scored President Eisenhower for his civil rights policy.

**AFTER MIDNIGHT**

**Mr. Schurman of Burns** told the Assembly the Israel statements of last Friday and today could not be considered as corresponding to the requirements and resolutions of the General Assembly.

The Western nations are being undermined and the diplomatic unity of the Atlantic allies has been jeopardized," he said.

Mr. Truman's remarks were presented for delivery at dinner at the Beit Israel Synagogue honouring him for his contributions to the U.S. Israel and humanity.

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**Medical Treatment**

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**Social & Personal**

**Baroness James-Hart de Rothschild**, Baroness of Paris, is touring Galilee and is staying at the Galed Kinneret Hotel in Tiberias.

**Mme. L. Koenig**, Honorary President of the newly-established Mizrahi Women's Organisation of France, has arrived for a brief visit.

**Mr. M. Margalit** has been appointed Director of the Revenue Department of the Foreign Currency Division of the Finance Ministry. He replaces Dr. Haim Posner, who is leaving for Buenos Aires to day to take up the post of Economic Counsellor to the Embassy there.

At the annual general meeting of the Israel Advertising Association on Sunday, the following committee was elected: Mr. O. Wallach, Chairman; and Messrs. A. Azar, A. Lewinsohn, E. Reis and R. Tal.

The pianist, M. Louis Kestner, not appearing as soloist with the I.P.O., is to give his only recital in Tel Aviv at the Chel Shem Hall on Saturday night.

**Maximum Results Obtained — Harari**

**LYDD AIRPORT, Monday.** The people of Israel, by their determined stand in the Sinal campaign, have achieved the maximum possible in the circumstances, Mr. Issar Harari M.K. (Progressive) said today on returning from New York where he had been a member of the Israel delegation to the U.N. Assembly.

No nation had been able to display such firm opposition to pressure, and Israel had shown that a struggle for a just cause could be waged successfully.

Mr. Harari noted that the issue had also influenced internal American political weakening the President's previously firm grip on both parties in Congress. (Him)

**Horn Leaves For Posting in U.S.**

The Investment Centre will have a fully employed representative in the U.S. with the departure this week of Mr. S. Horn, until recently Economic Adviser to the Ministry of Finance, to take up the post.

Mr. Horn will work under the direction of Mr. M. Sherman, Minister for Economic Affairs.

It was understood in Jerusalem yesterday that Mr. D. Kochav, Economic Adviser to the Governor of the Bank of Israel, will be appointed in Mr. Horn's place. The services of the Economic Department of the Finance Ministry will be shared between the Ministry's Budget Division and the Bank of Israel.

**8 MONTHS' JAIL FOR FALSE WITNESS**

Two men found guilty of testifying falsely that a policeman had altered the birth date on the identity card of one of them, were yesterday sentenced to six months in prison by Jerusalem Magistrate Y. Zusman.

In passing sentence, on Yitzhak Barzilai, 27, and Shalom Ben-Zion, 28, Magistrate Zusman said persons perpetrating this type of offence did not merit the slightest clemency. (Him)

**D. A. PHILLIPS** Kadish at the funeral of Deborah Kalman on Sunday was recited by Rabbi Aharon Philipp — and not by Rabbi Wilhelm as reported yesterday. Rabbi Wilhelm, who is Chief Rabbi of Sweden, is not in this country.

**Cinemas**

**JERUSALEM** At 8.30, 8.50 and 9.30 p.m. ARNON: Kelly and Me. EDEN: The Week and the Weekend. EDI. ON: Soronda.

GYAL: The Court Martial of Bill. MINTON: The Court Martial.

GYAL: Summertime, 1st week.

GYAL: The King and I, 1st week.

GYAL: City That Never Sleeps.

STUDIO: "Man's Little Bitache," 1st week.

MON. HALL: Man Down in His Bed, 2nd week.

TEL AVIV: At 8.30, 8.50 and 9.30 p.m.

ABRON: David, 2nd week.

GYAL: "K'Yafe Na'ah."

GYAL: Written on the Wind, 2nd week.

BROTHER: It's Goy, Tomorrow, 2nd week.

MANERAKA: "Mikha' Vaya," 2nd week.

GYAL: "The House Taffie," 2nd week.

GYAL: "Viva! Prends-toi," 2nd week.

MIGDALOT: "La Cointure de nos Dames," 4th week.

GYAL: "Trotter," 4th week.

ALLERGY: "Coque d'Or," 4th week.

GYAL: "Can't See Away from It," 2nd week.

GYAL: Baby Doll, 2nd week.

GYAL: "The Moon Taffie," 2nd week.

GYAL: "Viva! Prends-toi," 2nd week.

GYAL: "Dance Freddie," 2nd week.



## Economic News from Abroad

**North German Iron Ore**  
Work will start shortly on sinking the first shafts on the newly discovered iron ore deposits in the north-east of Western Germany, near Bremerhaven. The ore layers there are 10 to 12 metres thick and lie at a depth of 600 m.

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Founder  
GERSHON AGNON

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TED R. LURIE

Editorial Office and Management  
JERUSALEM: 9 Mahane Yehuda  
P.O.B. 11 Tel. 4255 (4 lines)  
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**THE PROVERBIAL MAN-IN-THE-STREET** — and the housewife-in-the-kitchen even more — are getting increasingly worried about the cost of living. AT THE CROSSROADS prices are structuring in recent weeks. Bread, milk, eggs, car, meat, cigarettes and several other staple consumers' goods have become more expensive, as have all spins. Non-essentials such as coffee and espresso coffee have also shown substantial price increases which may be taken as indicating the underlying tidal force of the present trend.

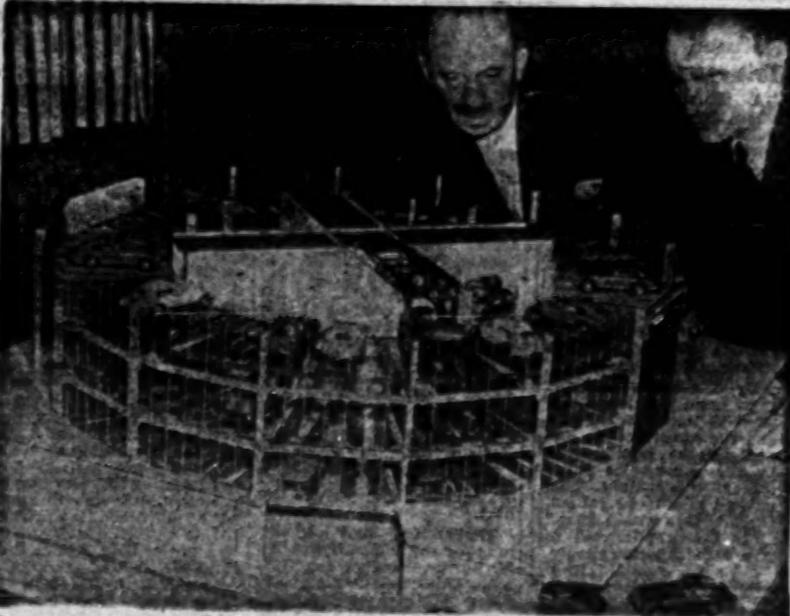
A number of other advances in prices and tariffs have been announced or intimated for the near future, and agreements concerning the general rise in industrial basic wages are just being concluded, but cannot take long to make their influence felt on production costs. The four-point advance in the C.O.L. index in January may thus be followed by another rise in February, and the combined effect of the present trend has been conservatively estimated to be capable of topping 20 index points, i.e. 8 to 10 per cent of the average working-class family budget, of which only a small part may be offset by the wage increase.

While the impact may be somewhat weaker for the low-income brackets, it will presumably be more than average for the middle class, though the differences should not be considerable. In any case, it would not be surprising if the rise of such size can only be absorbed by cutting some expenses, i.e. parting with certain cherished consumer habits, the more so as many expenditure items — e.g. rent, municipal taxes, repayment of loans — are fixed. Small wonder that people are looking ahead for the appropriate C.O.L. allowance to help them maintain their customary standard of living, even though it may mean waiting a half-year instead of after three months, as hitherto. It is no less expected by the business community, which depends upon additional purchasing power in order to maintain its sales volume at the higher prices.

However, this is the first time that payment of the C.O.L. allowance is not automatically assured, for not only is it opposed by most of the economic ministers, but even the trade unions admit that the present case is of a peculiar nature. The current price trend has not been caused by any inflationary development nor by a speculative boost of profits which is likely to affect wage earners unless a special clause is maintained to safeguard real wages. Prices have risen (and will continue to rise) mainly as a result of the abolition of subsidies, and — to a lesser extent — because of higher fiscal charges introduced to finance the Development Budget. Should workers be compensated for the changes in their standard of living, it would apparently mean that we were going to subsidize current consumption forever, and that no development projects could be envisaged unless they were financed by foreign aid. The present price increases should be treated as an anomaly because they themselves aim at removing an economic anomaly which may have been necessary when public charity and employment projects accounted for the maintenance of a large part of Israel's population, but which is no longer compatible with the country's present stage of development. Even though we may have to increase substantially the sums spent for welfare (IL 5m.) and public works (IL 15m.), the amount would only be a fraction of what we have been spending to subsidize regular earners.

Through trade unions may find it difficult to give in on a matter of principle, and in a compromise formula may be found, such as freezing the allowances in form of a blocked savings account, the point to be kept in mind is that each income will not rise, and as a result consumers might have to re-appraise their expenditure patterns.

Thus the first step would be taken to sounder economic balance, and the second round would follow in the form of a decline in domestic prices, and this would partially restore consumers' real incomes to their former level. The alternative is the dreaded second round of inflationary price increases, which inevitably follows when no brake is put on money incomes.



Rotor Garage shown above in scale model may soon be erected if plans now before the London County Council are approved. The garage — an American-designed "Rotispark" — consists of a lift into which cars are driven, who wishes to collect his car will insert a punched card into a slot, whereupon an electronic brain will reverse the parking process and bring the car down.

Express Photo

**Indirect Taxes Needed**

By DAVID BAVLY

In the past month it has often seemed that the Finance Ministry regarded the approximately 500m. lire of foreign currency expected in 1957 as merely a fiscal problem, or

There is reason to doubt whether Mr. Levi Eshkol, the Minister of Finance, is aware of the possible repercussions to the economy that could follow the reduction by 500m. in commodities to be imported.

Mr. Eshkol has reached the conclusion that if he has to cut down by approximately IL 120m. the previously expected foreign income from counterpart funds and customs duty, he will have to raise at least the same amount of money through internal taxes to cover increased expenses.

A direct tax would only slightly reduce foreign currency consumption, but it would create a dangerous unemployment problem.

As the Government and the country are determined to avoid a large increase in unemployment, emergency work projects would have to be found.

There is a real danger that employment might be affected by decreased import of commodities from abroad.

#### Strangulation

What the Finance Ministry and the other economic ministries have so far failed to see is that the 500m. worth of commodities that Israel will not receive would have the effect of partial strangulation of the economy, and might reduce production by considerably over IL 200m.

They do not seem to realize that every product manufactured in Israel has some foreign currency invested in it, without which it could not produce (whether it is raw materials, semi-finished goods or simply fuel).

Until now, economic offices have only begun to consider what imports the country can afford, and how the Government should ease the burden of lower imports. They have

given very little thought to the subject.

When the individual standard of living is reduced he usually uses the lower income left him to satisfy his basic demands. Increased taxes, although a burden, will not take away all his cash, and he will have some to spare for luxuries. Although direct taxes may reduce purchasing power a planned increase in customs duties on various import goods can have a more direct influence on the place of import, only more essential goods. It may be less efficient as a fiscal instrument in the short run as it will deter purchases, but will be more effective as an economic instrument.

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reflected in the Cost-of-Living Index. Since the indirect taxes that would be imposed to restrict consumption would be quite heavy and they would inevitably influence the C.O.L., it is therefore imperative in order that a tax be felt, that the C.O.L. index is somehow de-linked from the C.O.L. allowances.

To this end, the Finance Ministry tried to agree to the framing of 25 points of the C.O.L. as new settlements. About half of the total amount is to be granted by calculating reduced exchange rates for imported goods, e.g. IL 6.8 for dollars spent on the import of fish till IL 6.0 for a dollar spent on milk powder, IL 12.5 for a dollar used in purchasing wheat, and only IL 6.0 for a dollar allocated for imports.

The main items in the subsidy estimates are oil (IL 1.7m.), milk (IL 1.6m.), flour (IL 1.6m.), milk powder (IL 2.5m.) and oil (IL 1.6m.). The total also includes IL 4m. for new settlements. About half of the total amount is to be granted by calculating reduced exchange rates for imported goods, e.g. IL 6.8 for

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This, however, was rejected by the Histadrut leaders and some compromise is being proposed whereby only 10-15 points would be frozen. It is still unclear how these proposals will be received, but in order to avoid runaway inflation, something will have to be done. If it is not done, the reduction of consumption — which means the reduction of the standard of living — will still proceed. This should also lead to at least the partial failure of the plan to restrict imports to more essential commodities.

The task facing the economic ministries is not a simple one, in view of the widespread opposition it is facing from most of the sections of the economy. They cannot force, and can only try to persuade the partial freeze of the C.O.L. allowance. They cannot fully succeed in redirecting foreign currency consumption, and they have to impose a standard of living that the consumer has to meet. They have to do all this with a prospective immigration of 100,000 persons. — I. D. —

— I. D. —

The determination not to pay any of the Government services, and hardly any other services,

their job with as much efficiency and circumspection as the big private companies. Three things are required for their success: 1) a staff of experienced, honest and efficient people; 2) proper control — not by the Ministry itself which has other functions; 3) raising of public business morale.

It is doubtful whether we can find the experienced staff to run our public enterprises. If we cannot, and immigration does not supply them, we will have to engage suitable candidates from abroad, whatever difficulties this may create.

In order to ensure proper control we shall have to work out a way for the setting up of public corporations. Perhaps the staff of the State Controller, which is also employed in looking into the business of public and semi-public companies, might be of help in the matter. In any case we cannot trust the ex-

ecutive committee to master the huge job of managing a host of enterprises without any guarantee that they will pay their way after the initial period of running in.

The third point mentioned, public spirit, although intangible and not to be created by laws and regulations, is perhaps the most important. We have arrived at a point where public administration is taken for granted, whereas incapacity and shortsightedness in public investments is not penalised, where the innocent public has to pay again and again for mistakes made in high places. This will have to change if economic reform is to be more than mere talk.

It has been announced that now that the new government has been passed on to the Ministry of Development, the Minister has appointed an international committee from his staff to consider it. It is difficult to comment on this procedure without sarcasm. Surely some action is now called for.

There is a very difficult undertaking. In a private enterprise in a reasonably free economy the fear of bankruptcy will work as a deterrent to injurious investments and act as punishment for inefficiency. These determinants do not, as we well know, work adequately in this country, as subsidies and the system of "cost plus" come to the rescue of the inefficient. But it may be doubtful whether waste on such a scale as was found in the potash plant would have been possible in a private enterprise without at least some material punishment to the entrepreneur. In a public enterprise the taxpayer simply has to foot the bill.

One could make sure that in the future these things do not recur. This can be done only if proper control of public enterprises is ensured. In the Western world some such forms of control have been developed and they have on the whole worked well. The various public corporations which have been set up in Europe and the U.S. are trying to fulfil economic functions have in many cases done

their job with as much efficiency and circumspection as the big private companies.

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It is doubtful whether we can find the experienced staff to run our public enterprises. If we cannot, and immigration does not supply them, we will have to engage suitable candidates from abroad, whatever difficulties this may create.

In order to ensure proper control we shall have to work out a way for the setting up of public corporations. Perhaps the staff of the State Controller, which is also employed in looking into the business of public and semi-public companies, might be of help in the matter. In any case we cannot trust the ex-

ecutive committee to master the huge job of managing a host of enterprises without any guarantee that they will pay their way after the initial period of running in.

The third point mentioned, public spirit, although intangible and not to be created by laws and regulations, is perhaps the most important. We have arrived at a point where public administration is taken for granted, whereas incapacity and shortsightedness in public investments is not penalised, where the innocent public has to pay again and again for mistakes made in high places. This will have to change if economic reform is to be more than mere talk.

It has been announced that now that the new government has been passed on to the Ministry of Development, the Minister has appointed an international committee from his staff to consider it. It is difficult to comment on this procedure without sarcasm. Surely some action is now called for.

There is a very difficult undertaking. In a private enterprise in a reasonably free economy the fear of bankruptcy will work as a deterrent to injurious investments and act as punishment for inefficiency. These determinants do not, as we well know, work adequately in this country, as subsidies and the system of "cost plus" come to the rescue of the inefficient. But it may be doubtful whether waste on such a scale as was found in the potash plant would have been possible in a private enterprise without at least some material punishment to the entrepreneur. In a public enterprise the taxpayer simply has to foot the bill.

One could make sure that in the future these things do not recur. This can be done only if proper control of public enterprises is ensured. In the Western world some such forms of control have been developed and they have on the whole worked well. The various public corporations which have been set up in Europe and the U.S. are trying to fulfil economic functions have in many cases done

## Abolishing Food Subsidies

By a Special Correspondent

THE abolition of all direct and indirect food subsidies provided for in the 1957/58 budget estimates would save the Government IL 6.1m. and would result in an increase in the C.O.L. index of some 10 to 12 points above its December level of 200, according to expert opinion.

As a matter of fact a start in this direction has already been made in recent weeks, though no final decision has been taken as yet as to whether a clean sweep should be made in the near future. It seems that at least the "seasonal subsidies" (IL 1.1m.) will be kept for the time being, in order to retain control of prices directly to local agricultural producers, thus enabling them to maintain lower selling prices.

As a result of fact the total amount spent on food subsidies is considerably larger than the above figure because part of it is financed through surcharges on consumers outside the trading accounts.

These subsidies are supplied to industry and to the free market at IL 600 per ton covers most of the subsidy paid to sugar distributed on rations. White flour at IL 120 per ton covers part of the losses incurred in maintaining the price of standard flour at IL 120 per ton, and so on.

**Metal Industry Small**

THE Israel metal and engineering industry now comprises some 70 firms employing about 12,000 workers. Of these 15 firms employ 50-100 workers and another 14 are over 100 each. There are also over 4,000 workshops with an average of three workers employed in the various trades, including repairing, repairing and services. Many metal factories now utilize only a part of their productive capacity, though lately progress has been achieved in various lines, in particular in producing agricultural implements, electrical appliances, etc.

The main items in the subsidy estimates are oil (IL 1.7m.), milk (IL 1.6m.), flour (IL 1.6m.), milk powder (IL 2.5m.) and oil (IL 1.6m.). The total also includes IL 4m. for new settlements. About half of the total amount is to be granted by calculating reduced exchange rates for imported goods, e.g. IL 6.8 for

dollars spent on the import of fish till IL 6.0 for a dollar spent on milk powder, IL 12.5 for a dollar used in purchasing wheat, and only IL 6.0 for a dollar allocated for imports.

Bread, milk and milk products, meat and sugar will be the commodities most affected by the removal of Treasury support, but several other items will also rise in price. Unsold standard bread should cost approximately 220 prutot per kg. drinking milk (non-pasteurized) 220 prutot per litre, sugar 440 prutot per kg., imported cheese, IL 1.8 per kg.

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